

Message Text

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FOR ASSISTANT SECRETARY TODMAN

E.O. 11652: N/A

TAGS: OVIP, ECIN, UY

SUBJ: TODMAN VISIT: LATIN AMERICAN FREE TRADE

ASSOCIATION MEETING

REF: A. MONTEVIDEO A-52, B. MONTEVIDEO 3144

FOR YOUR APPROVAL AND/OR CORRECTIONS.

1. SUMMARY. ASSISTANT SECRETARY TODMAN WAS GREETED CORDIALLY BY PRESIDENT AND MEMBERS OF PERMANENT EXECUTIVE COMMITTEE (PEC) IN MEETING WHICH BEGAN WITH QUESTIONS SEEKING CLARIFICATION OF U.S. POSITION TOWARD CONTINUING REGIONAL INTEGRATION PROCESS. RESPONSES WERE ACCEPTED IN GOOD SPIRIT, AND PEC PRESIDENT ENDED MEETING BY PROVIDING BROAD-BRUSH DESCRIPTION OF CURRENT LAFTA SITUATION--THAT OF AN ORGANIZATION SEARCHING FOR NEW FORMS FOR REGIONAL TRADE INTEGRATION. END SUMMARY.

2. TOMAN CALL ON LAFTA THE MORNING OF AUG. 19 AND WAS CORDIALLY GREETED BY THE CURRENT PRESIDENT OF THE PEC, AMBASSADOR CARLOS GARCIA MARTINEZ (ARGENTINA) AND ACTING EXECUTIVE SECRETARY OF

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LAFTA, DANIEL MESA BERNAL. TODMAN OPENED THE DISCUSSION WITH A BRIEF STATEMENT CITING US INTEREST IN THE LAFTA EXPERIMENT, RECOGNIZING ITS CONTRIBUTION TO RATIONAL DEVELOPMENT OF TRADE PATTERNS, AND YET RECOGNIZING THE DIFFICULTIES OF ACHIEVING FULL REGIONAL ECONOMIC INTEGRATION. PRESIDENT GARCIA RESPONDED BY POINTING TO THE CLASSIC REASON FOR DISAPPOINTMENT IN LAFTA'S REAL ACHIEVEMENTS,

I.E. THAT IT WAS A EUROPEAN MODEL INADEQUATELY ADAPTED
TO LATIN AMERICAN REALITIES.

3. THE PRESIDENT ASKED FOR QUESTIONS FROM THE ASSEMBLED
REPRESENTATIVES OF THE ELEVEN MEMBER STATES AND SEVERAL
OBSERVERS. THE FIRST, FROM THE OBSERVER REPRESENTING
HONDURAS, ASKED IF THE US WAS WILLING TO FOSTER REGIONAL
DEVELOPMENT THROUGM REGIONAL TRADE PREFERENCES. TODMAN RESPONDED
BY POINTING TO THE US OBJECTIVE OF AN INCREASING
LIBERALIZATION OF GLOBAL TRADE, WHICH IS ONLY MADE MORE
DIFFICULT BY THE LOME KIND OF ARRANGEMENT. THE US AND
LATIN AMERICA, IN HIS VIEW, SHOULD BOTH BE SEEKING
A GLOBAL OPENING OF MARKETS. THE SECOND QUESTION
CAME FROM URUGUAY, WHICH ASKED BROADLY WHAT THE
US IS CURRENTLY WILLING TO DO TO ASSIST THE REGIONAL IN-
TEGRATION PROCESS GENERALLY. DRAWING UPON
THE STRONG US POSITION TAKEN IN THE OAS, MR. TODMAN
STATED THAT THE US COULD NOT BY ITSELF FORMULATE PRO-
POSALS FOR FORMS OF REGIONAL COOPERATION, PREFERRING THAT
THE LATIN AMERICAN NATIONS ESTABLISH AGREED POSITIONS
WHICH COULD THEN BE THE BASIS FOR REACHING AGREEMENT ON FORMS
OF COOPERATION WITH THE US. WE ALSO SEEK THE OPPORTUNITY
FOR FULL CONSULTATION VIA MEETINGS WHICH ARE NOT SESSIONS OF
COMPETITIVE ANTAGONISM, BUT INSTRUMENTS FOR BUILDING A CON-
STRUCTIVE RELATIONSHIP. THE REPRESENTATIVE OF BRAZIL CLOSED
THE PERIOD OF OPEN DISCUSSION WITH A SOMEWHAT CONFUSED
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REFERENCE TO ALLEGED US PRESSURE TOWARDS FIXING 1980 AS A
TARGET DATE FOR COMPLETION OF THE LAFTA INTEGRATION EFFORT.
HE WAS APPARENTLY ASKING WHETHER THE ALLEGED PRESSURE HAD
NOT BEEN MISGUIDED. TURNING AROUND THE BRAZILIAN AMBASSA-
DOR'S FIGURATIVE DESCRIPTION OF THE US "BULL DOZER" IN-
VOLVED, MR. TODMAN COMMENTED THAT SMALLER "BULLDOZERS"
(READ BRAZIL AND OTHERS) NEED NOT BE, AND CURRENTLY ARE
NOT, COWED BY UNITED STATES' POSITIONS ON REGIONAL ISSUES.

4. PRESIDENT GARCIA MARTINEZ THEN OFFERED A SHORT REVIEW
OF LAFTA HISTORY AND ITS CURRENT ROLE. THE ELEMENTS WERE
THE EXPECTED ONES--INITIAL SUCCESSES, FOLLOWED BY MORE
VISIBLE DIFFERENCES IN POLITICAL AND ECONOMIC OBJECTIVES
(MAKING CONCESSIONS MORE DIFFICULT), THEN FORMATION OF THE
ANDEAN GROUP AND FINALLY THE CURRENT SITUATION IN WHICH LAFTA
LACKS A MAJOR ROLE. THE PRESIDENT CHARACTERIZED THE
ORGANIZATION AS IN A PERIOD OF TRANSITION IN WHICH A NEW
FORMULA FOR COOPERATION WAS BEING SOUGHT, BUT WITHOUT EVIDEN-
CING DOUBTS REGARDING A FUTURE ROLE FOR THE
ORGANIZATION. IN THE SHORT PERIOD OF EXCHANGE WITH MR. TODMAN
WHICH FOLLOWED, THE PEC PRESIDENT NOTED THAT THE LACK OF
GEOGRAPHIC AND ECONOMIC HOMOGENEITY AMONG LAFTA MEMBERS ARGUED

STRONGLY FOR THE GATT TO BE UNDERSTANDING OF VARIOUS STEPS TOWARDS INTEGRATION IN THE REGION WHICH ARE IN PROCESS TODAY. HE ALSO JUDGED THAT THE INTEGRATION EFFORT, ACTUALLY AND POTENTIALLY, SHOULD INCREASE TOTAL DEMAND WITHIN THE REGION IN A MANNER OPENING ENLARGED TRADE OPPORTUNITIES FOR THE UNITED STATES. HE SAW AMPLE ROOM FOR THE STILL MORE SOPHISTICATED US PRODUCTS, EVEN WHILE THE GENERAL LEVEL OF INDUSTRIALIZATION ROSE WITHIN THE REGION.

5. COMMENTS: THE EMBASSY HAS HEARD FROM THREE IMPORTANT SECRETARIAT OFFICIALS THAT THE IMPRESSION CREATED BY THE ASSISTANT SECRETARY WAS VERY GOOD ONE, EXPRESSED EVEN AS "THE BEST AMONG RECENT OFFICIAL VISITORS". TO A CONSIDERABLE EXTENT, THE SIZE OF THE CROWD DRAWN INTO THE LIMITED OFFICIAL USE

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SMALL COMMITTEE CHAMBER SEEMED TO HAVE BEEN MORE A REFLECTION OF THEIR INDIVIDUAL INTEREST IN THE VISITOR THAN A CHANGE IN WHAT HAD BEEN AGREED UPON AS AN INFORMAL, OPEN DIALOGUE WITH THE COMMITTEE AND EXECUTIVE SECRETACY. PEZZULLO

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